



Addendum Re: Share Consolidation

Dear Shareholder:

At the Annual General Meeting (the “**Meeting**”) of shareholders of BNK Petroleum Inc. (the “**Company**”), shareholders will be asked to approve an ordinary resolution (the “**Consolidation Resolution**”) authorizing the consolidation of the issued and outstanding common shares of the Company (“**Shares**”) on the basis of one (1) post-consolidation Share for up to every ten (10) pre-consolidation Shares (the “**Consolidation**”), with the actual ratio of the Consolidation to be determined by the directors.

The purpose of this addendum to the accompanying Management Information Circular for the Meeting (the “**Circular**”) is to provide additional details with regard to the Consolidation including management’s rationale for proposing the Consolidation. Please refer to the accompanying Notice of Meeting and the Circular for further information.

Reasons for the Consolidation

The board believes that it is in the best interests of the Company to reduce the number of outstanding Shares by way of the Consolidation, which is expected to result in an increase in the trading price of the Shares. As at the date of the Circular, the Company had 232,689,292 Shares outstanding and the closing price was \$0.26. The potential benefits of the Consolidation include:

- Greater investor interest – a higher post-consolidation Share price could help generate interest in the Company among investors, as a higher anticipated Share price may: (i) meet investing guidelines for certain institutional investors and investment funds that may be prevented under their investing guidelines from investing in the Shares at current price levels; and (ii) result in changes in the price levels of the Shares less volatile on a percentage basis.
- Investor perception – a higher post-consolidation share price often gives investors a different perception of a company. For example, a company that is trading at \$2 per share is generally perceived more favorably than at \$0.30 per share, even though the overall enterprise value is the same. A higher share price also allows investors to margin the stock, and in the U.S. many brokerage houses make it much easier for their clients to purchase stocks when they aren’t trading as “penny stocks”. These factors could potentially improve the trading liquidity of the Shares.

The Company believes that the availability of the board to determine the actual Consolidation ratio from the range of Consolidation ratios for which approval will be sought will provide it with the flexibility to implement the Consolidation in a manner designed to maximize the anticipated benefits. In determining the actual Consolidation ratio within the aforementioned range, the board may consider, among other things, factors such as (i) the historical trading prices and trading volume of the Shares; (ii) the then prevailing trading price and trading volume of the Shares and the anticipated impact of the Consolidation on the market for the Shares; (iii) the outlook for the trading price of the Shares; and (iv) threshold prices of brokerage houses or institutional investors that could impact their ability to invest or recommend investments in the Shares.

Effect of Consolidation

All shareholders will be treated equally in the Consolidation. The Consolidation will not change any shareholder's proportionate share of the total votes entitled to vote at the meetings of shareholders (subject to rounding). In accordance with section 83 of the *Business Corporations Act* (British Columbia), any fractional Shares remaining after the Consolidation that is less than one-half will be cancelled while any fractional Shares that are one-half or greater will be rounded up to the nearest whole Share.

The stock options currently outstanding under the Company's stock option plan will also be proportionately adjusted upon the Consolidation.

If the Consolidation is approved by the shareholders and the Toronto Stock Exchange, the Company expects to proceed with the Consolidation shortly after the Meeting.

We appreciate your support and look forward to seeing you at the meeting.

DATED this 21st day of February, 2017.

**By Order of the Board of Directors of
BNK Petroleum Inc.**

"Wolf Regener"

WOLF REGENER

President and Chief Executive Officer